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RED GROWTH IN INDUSTRY IS STRESSED

Soviet Economy Could Be Near That Of U.S. By '70, Dulles Says

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(Washington Bureau of The Sun)

Washington, Nov. 13—Allen W. Dulles, director of the Central Intelligence Agency, today warned that "the gap" between the American and Soviet economies could "be dangerously narrowed" by 1970.

He said this could happen if the United States fails to "substantially" increase its present pace of industrial growth and if the Russian growth continues at the present high level.

In testimony before a joint economic subcommittee as to the relative growth and strength of Russia and the United States, he said that since 1950 Soviet industrial production has been growing at a rate at least twice as fast as that of the United States.

Percentages Given

Including military production which looms in the over-all production figures," he said that the Soviet rate of industrial growth in the past decade has been around 10 per cent. It is forecast that it will continue to range between 8 and 9 per cent in the decades ahead.

United States growth has been around 3 per cent.

Under questioning, he explained to the committee that in using the word "dangerously" he meant that if our growth rate should lag "and average the 2 per cent which Khrushchev believes is the best we have in United States," by 1970 Russian industrial production would be more than 80 per cent of ours.

In such an event, he said, "what they would have available for military use would be so great," we would be faced with a very formidable demand on American production to maintain our security.

Explodes Myths

Dulles said, however, that Russia is not about to inherit the earth economically but that its growth in the decade should give us pause.

The CIA director devoted part of his discussion of the Russian economy to exploding some of the widely held myths about that country.

Myth No. 1, which the Communists sedulously foster and many people mistakenly believe, is that pre-revolutionary Russia was as backward as black Africa today.

Pre-revolutionary Russia, he said, was the sixth or seventh industrial power of the world.

"Even in 1913 Russia had a modest but growing machine-building industry, a well-developed rail transport and, a supply of technical talent and a tradition of excellence in pure science and mathematics," he said. So the Communists didn't just start from scratch to build their economy.

Myth No. 2, Dulles labeled as "the statement frequently made that much of postwar Soviet growth came from looting plants in Manchuria and East Germany." This doesn't stand up under close examination, he said.

Myth No. 3 is the allegation that "espionage and the reliance on outside technical experts, particularly German," were "of crucial importance to Soviet industrial success since World War II."

This had some importance, he said, in their early stages of developing atomic energy and ballistic missiles "but looked at in the perspective of Soviet industrial military growth as a whole, and their present competence in both ballistic and nuclear fields, these factors played a relatively minor role."

"Have Gained Much"

"They have gained much more in the over-all industrial field," he testified, "from the acquisition and copying of advanced Western models of specialized equipment."

Dulles told the members of the Economic subcommittee that Soviet Prime Minister Nikita Khrushchev is pushing for a period of "co-existence" with the West because he wants the U.S.S.R. to fulfill its current seven-year plan which expires in 1965.

He attributed most of the Russian successes of the last 30 years to the fact that they have concentrated on industrial production to the sacrifice of consumers good for their people.

Visitors Surprised

"Some recent returning visitors to the Soviet Union remarked with surprise that they can send a lunik to the moon but don't seem to bother to make the plumbing work."

He said that while the Soviet gross national product is only about 45 per cent of this country's at present, their arms effort in terms of value equals our own—"a little less in hardware produced but substantially more in terms of manpower under arms."

But everything is not as completely rosy in Russia as Khrushchev would have us believe, Dulles said. One of their weak spots is in agriculture where 50 per cent of their labor force is occupied, compared with only 10 per cent of the United States labor force on the farms.

Restraining Factors

"We see no prospect that the agricultural goals of the seven-year plan will be approached," he testified.

"Given average weather, net agricultural output will probably not increase under the seven-year plan more than 18 to 20 per cent by 1965. Such a modest growth is well below the implied planned growth of 55 to 60 per cent."

Other restraining factors include the lag in growth of the labor force between 1958 and 1965 resulting from the low birth rate during the war, the need to expand their metallurgical raw materials and energy industries—which have been allowed to lag—and the need for vastly increased housing.

X - Econ 2 Khrushchev
X - Pers 1 F. C. Khrushchev